

PROJECT OVERSIGHT REPORT

Human Resource Management System (HRMS)
Department of Personnel

Report as of Date:
October 2004

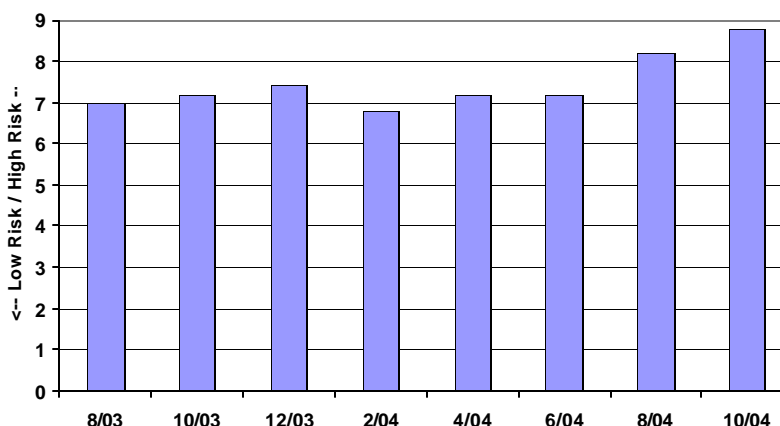
Project Manager: Brian Turner
Project Director: Tom Miller
Executive Sponsor: Gene Matt

MOSTD Staff: Tom Parma

Severity/Risk Rating: High (high severity, high risk)

Oversight: Level 3 – ISB

Overall Project Risk Assessment



Staff Recommendations: ISB staff recommend that the Department of Personnel (DOP) and Accenture complete the work needed to determine the effects the additional required interface tasks will have on the schedule, budget, and resources. The project plan and schedule should then be revised as soon as possible.

ISB staff recommend that DOP continue to monitor the impacts of the resource assignments to ensure that both HRMS and legacy system activities are adequately staffed.

ISB staff recommend that DOP continue to monitor the allocation of project staff supporting agency readiness. DOP should also continue to search for additional personnel that can be added to the project to assist in these efforts.

Staff recommend that DOP address recommendation #22 included in the July 31, 2004 Quality Assurance (QA) report. The recommendation states: "Ensure core agencies are involved as early as possible in test script development and testing, verification and validation of test results for interfaces and application configurations."

Staff agree with Sterling Associates' October 7, 2004 QA report statement, "Many of the project controls have worked well, or appeared to be working. However, it is now evident that some controls need to be reassessed and revised if necessary, or re-emphasized and monitored more closely."

ISB staff have no additional recommendations related to the budget or scope variances other than the mitigation steps currently underway and stated below.

ISB staff agree with the content and nine new recommendations contained in the October 7, 2004 Sterling Associates' QA report.

DOP has complied, or is in the process of complying, with all ISB staff and QA vendor recommendations made since the September 2004 ISB meeting.

Variances:

- Schedule: The project is behind schedule. Testing efforts are approximately six weeks off schedule; interface development is approximately 13 weeks behind schedule. The project continues to experience schedule slippage and was significantly impacted during September 2004. Invalid, incorrect, or incomplete interface design elements have impacted the development of critical interfaces, primarily to key state financial systems. These have impacted downstream tasks.

At the previous ISB meeting DOP discussed the four milestones that had to be achieved in September 2004 in order to commit to the original schedule and deployment plan slated for January 2005. Since then, DOP determined that it would not meet three of those milestones. DOP is now reevaluating the project tasks and reviewing its contingency options. As a result, the Release 1 deployment schedules have been adjusted. The original schedule called for Release 1 to be deployed in two groups; Group 1 was to occur in late December and Group 2 in late March to align with the quarter cutoffs. The revised schedule is now March and May 2005, respectively. Release 2 initial planning work has begun.

- Budget/Cost: The September budget shows a \$89,428 negative variance. It is anticipated that the additional interface work will impact the budget. The impact has not been determined but will manifest itself in two areas: 1) any change requests resulting from the interface work, and 2) increase costs due to the schedule delay. As reported at the last meeting, DIS operational charges will be \$1.5 million per year larger than the original estimated and budgeted amount, due to an error calculating data storage costs.
- Scope: As of September 24, 2004 there are seven change requests under consideration; three have zero budget impact, two are technology infrastructure related and are estimated at \$142,000, and two are "to be determined."

The interface design issues may further impact the scope. As the schedule continues to compress, there is more pressure on the project to remove or delay features that are desirable, but not essential to meet mandatory state payroll requirements. Many of these pertain to agency shadow system requests.

- Resources: The availability of and demand on State and Accenture subject matter experts continues to be a choke point. Several state experts identified to work on Release 2 planning and design are also key to Release 1 efforts. The State and Accenture are taking steps to redistribute some of the workload assigned to these key personnel.

Risks/Mitigation Tasks:

The following items are listed in the project manager's top issues report dated October 4, 2004. DOP has rated the "Magnitude of Impact" for all as high except #10, which is medium.

1. **New** – Increase confidence among project stakeholders in project plan and controls

Mitigation Tasks

- Develop revised project plan based on Group 1 option chosen (*Complete*)
- Develop staffing projections based on actual productivity to date (*In process*)
- Reflect any assumptions that could negate the revised project plan (*In process*)

- Set achievable interim milestones and get team lead commitment to those milestones (*In process*)
- Receive Sterling's recommendations on project controls (*In process*)
- Discuss changes to project controls with Accenture (*Pending*)

2. **New** – Agency acceptance of Release 1 scope decisions

Mitigation Tasks

- Review interface design review forms, reports scoping deliverables, and master and key data mapping deliverables against agency questions (*In process*)
- By agency, identify what expectations have been met, what expectations will not be met, and what questions are outstanding (*In process*)
- Set up meetings via readiness coaches to communicate scope decisions (*In process*)
- Elevate high risk agencies to DOP Deputy Director for additional stakeholder work (*Pending*)

3. **NEW** – Develop an integrated picture of reporting across the project

Mitigation Tasks

- Assign single point of responsibility for reporting requirements in Release 1 (*Complete*)
- Confirm scope is comprehensive (*Complete*)
- Develop plan that brings together each reporting track (*In process*)
- Develop communication materials to agencies that better explain each reporting track (*In process*)

4. **NEW** – Resolve resource constraint issues

Mitigation Tasks

- Identify premium-skilled resources needed to support multiple project activities (*Complete*)
- Understand workload drivers (*Complete*)
- Restructure roles/responsibilities of each premium-skill resource (*In process*)
- Build subject matter expert matrix as a job aid to the team to direct non-priority questions away from premium-skill resources (*In process*)
- Determine expected workload per week per premium-skill resource in revised plan (*In process*)
- Monitor weekly To Do lists and actuals per week (*In process*)

5. **NEW** – Increase project team's responsiveness to agency issues

Mitigation Tasks

- Inventory agency issues (*Complete*)
- Prioritize agency issues (*Ongoing*)
- Publish agency issues log (*Ongoing*)
- Work the high priority issues (*Ongoing*)
- Schedule frequent meetings with agencies and the project (conference calls, meetings, etc.) to close issues (*On hold*)
- Add staff to the Reports, Interfaces, Conversion, Extract, and Forms (RICEF) team focused on agency issues (*Complete*)
- Publish value mapping documentation to requesting agencies (*On hold*)
- Update functional specifications (interfaces) with correct value mapping information (*In process*)
- Conduct regular meetings and conference calls with interfacing partners (*Ongoing*)

- Conduct an end-to-end walk through with DRS on the DRS interfaces (*Complete*)
- Complete analysis of interface gaps and create new schedule of when agencies can expect updated specifications from the team (*In process*)

6. **NEW** – Change requests affecting interfaces

Mitigation Tasks

- Conduct Design Reviews with HRISD and agency personnel (*Complete*)
- Categorize requirements issues into defects, required change requests, and discretionary change requests (*Complete*)
- Review defects and required change requests with Tom Miller and Jens Egerland (*In process*)

7. Approve financial configuration approach

Portions of SAP financials must be configured in order to support the payroll process and the interface to the state's financial system, AFRS, and the State Treasurer's Treasury Management System.

Mitigation Tasks

- Confirm requirements (*Complete*)
- Confirm general design (*Complete*)
- Confirm estimate of effort and schedule (*Complete*)
- Launch detailed design, configuration, and unit test efforts (*Complete*)
- Support interface team with financial configuration details (*In process*)
- Determine conversion and reporting scope impact (*In process*)
- Publish revised schedule for completion and impact on system test scheduling (*Complete*)

8. Prepare agencies for the impact of data cleanup work

Mitigation Tasks

- Communicate to agencies that they need to begin organizing their cleanup activities immediately (*Complete*)
- Publish list of edits in the conversion programs that will trigger data cleanup, prioritize the list items into mission-critical, high, medium, or low based on their impact on SAP's ability to pay people correctly (*Complete*)
- Conduct 1st mock conversion and produce data cleanup reports with prioritized data cleanup needs (*Complete*)
- Send communication out to all agencies on the results of mock #1 (*Complete*)
- Conduct data cleanup workshop to explain use of reports (*Complete*)
- Modify conversion programs to give more accurate statistics on data errors (*Complete*)
- Address conversion programming errors found in Mock 1 (*Complete*)
- Run Mock 2 (*Complete*)
- Identify modifications required to data conversion to get more accurate data clean-up results (*In process*)
- Execute Mock #3 (*Pending*)

9. **NEW** – Keep nonfinancial interface and report development going while waiting for the interface team to deliver updated specifications on financial interfaces

Mitigation Tasks

- Prioritize outstanding questions for the functional team and interface team tied to HCA and Group 1 and 2 split (*In process*)
- Reassign work in the interim to work around open holes in the design (*Ongoing*)
- Escalate to Tom and Brian (*Complete*)
- Devote resources to the project to help close issues if needed (*Pending*)

10. **NEW** – Foster agency acceptance of the HRMS financial reporting strategy

Mitigation Tasks

- Complete chart of accounts structure (*Complete*)
- Add OFM resources to help structure the change management efforts (*Complete*)
- Introduce new role to change management efforts (*Complete*)
- Begin one-on-one agency meetings on this topic, addressing agency concerns, report by report (*In process*)
- Monitor agency acceptance of approach (*In process*)
- Devote resources to the project to help close issues if needed (*Pending*)

In addition, the following are the top concerns listed on page 3 of the October 2004 QA report, previously distributed to the ISB. Please refer to that report for topic details.

- The project will not meet original milestone implementation dates
- Insufficient resources may have been estimated for Release 2 and 3
- Critical activities, such as testing, may be compromised to meet the project schedule
- Controls may not be commensurate with risks
- Knowledge transfer to state staff may not happen effectively
- State and/or vendor staff may “burn-out,” resulting in loss of vital knowledge, less productivity or mistakes
- Project deliverables may have significant defects
- HRMS and other state financial systems may not interface correctly
- The project may not meet overall schedule parameters for Personnel Reform
- Interface, reporting and conversion requirements have exceeded the original estimate
- The project may not meet budget parameters
- Resources for state post-implementation productions support may not be sufficient in the short-term
- A change in administration may negatively impact executive commitment

Background Information

Description: The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State’s Civil Service System. SHB1268 establishes a January 1, 2005 deadline to begin implementation of a new classification system, Civil Service Reform (CSR), and a July 1, 2005 deadline for implementation of the first Collective Bargaining (CB) agreements. By these dates, DOP’s HRMS must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP’s systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern HR practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM presented the findings of their feasibility study and received approval from the Board at the January 2003 meeting to proceed with the acquisition of integration services, software, and hardware to begin replacing the existing HRIS system. The RFP was released on April 16, 2003 and responses were due May 19, 2003. Two vendors submitted proposals, the team of Accenture/SAP and the team of IBM/PeopleSoft. Both continued through to announcement of the Apparently Successful Vendor (ASV). Demonstrations and presentations were conducted the week of June 9th. Best and final offers were due June 30, 2003. Accenture/SAP was named the ASV on July 7, 2003.

The major project phases are:

- Release I – Implement core payroll functionality required to support CSR/CB.
 - Group 1 – agencies not subject to Collective Bargaining.
 - Group 2 – remaining agencies.
- Releases II & III – Implement additional HR functionality (recruitment, training, and performance evaluation) and time reporting.

Technology: The proposed technology is:

- SAP's core ERP product, R/3
- SAP's data warehouse product, Business Warehouse
- Microsoft Windows OS
- Microsoft SQL Server DBMS
- Hewlett-Packard Proliant servers
- Accenture implementation services

Budget: The budget for the 03-05 Biennium authorizes DOP to enter into a financing contract for up to \$32 million (later raised to \$39 million during the 2004 legislative session), not including interest, for not more than 12 years to purchase, develop, and implement the new HRMS. In addition to the \$39 million, the Legislature allocated an additional \$10 million from DIS rebates to the project.